

HOUSE BILL NO. 6182

November 26, 2024, Introduced by Rep. Pohutsky and referred to the Committee on Transportation, Mobility and Infrastructure.

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 238 (MCL 257.238), as amended by 2014 PA 291.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 238. (1) When an owner named in a certificate of title
2 creates a security interest in the vehicle described in the
3 certificate or in any accessory on the vehicle, all of the
4 following apply:

5 (a) The owner shall immediately execute an application in the

1 form prescribed by the department to name the holder of the
2 security interest on the certificate of title, showing the name and
3 address of the holder and deliver the certificate of title,
4 application, and the required fee together with a copy of the
5 application, to the holder of the security interest.

6 (b) The holder of the security interest shall cause the
7 certificate of title, application, and fee and the copy of the
8 application to be mailed or delivered to the department.

9 (c) The department shall indicate on the copy of the
10 application the date and place of filing of the application.

11 (d) ~~Upon~~**On** receipt of the certificate of title, application,
12 and the required fee, the department shall issue a new certificate
13 in the form provided by section 222 setting forth the name and
14 address of each holder of a security interest in the vehicle or in
15 any accessory on the vehicle for which a termination statement has
16 not been filed and the date on which the application first stating
17 the security interest was filed, and mail the certificate to the
18 owner. However, as provided under this section, the secretary of
19 state is not required to issue a title to the owner of a vehicle if
20 the title is subject to a security interest.

21 (2) A holder of any kind of a security interest may assign,
22 absolutely or otherwise, the holder's security interest in the
23 vehicle or any accessory thereon to a person other than the owner
24 without affecting the interest of the owner or the validity of the
25 security interest, but any person without notice of the assignment
26 is protected in dealing with the holder of the security interest as
27 the holder thereof.

28 **(3) If a person refuses to purchase or otherwise finance the**
29 **installment sale contract of an installment seller at any time**

1 after the person was assigned a security interest in the vehicle
2 subject to the installment sale contract, the person shall do both
3 of the following on the same day:

4 (a) Provide notice of the refusal to the installment seller,
5 the installment buyer, and the department.

6 (b) Reassign the security interest to the installment seller.

7 (4) ~~(3)~~—The assignee of a security interest may have the
8 certificate of title indorsed with the assignee named as the holder
9 of the security interest by providing the department with a copy of
10 the assignment instrument, but the failure of the assignee to do so
11 ~~shall~~**does** not affect the validity of the security interest of that
12 assignment.

13 (5) ~~(4)~~—If there is no outstanding obligation and no
14 commitment to make advances, incur obligations, or otherwise give
15 value secured or to be secured by a security interest in a vehicle
16 or an accessory on the vehicle, for which the certificate of title
17 is in possession of a secured party, the secured party may, not
18 more than 14 days after satisfaction of the obligation, execute a
19 termination statement in the form prescribed by the department and
20 mail or deliver the termination statement to the owner or another
21 person as the owner may direct.

22 (6) ~~(5)~~—If there is no outstanding obligation and no
23 commitment to make advances, incur obligations, or otherwise give
24 value secured or to be secured by a security interest in a vehicle
25 or an accessory on the vehicle, for which the certificate of title
26 is in the possession of another person, the secured party shall,
27 within 14 days after demand but not more than 30 days after demand,
28 execute a termination statement in the form prescribed by the
29 department and mail or deliver the termination statement to the

1 owner or another person as the owner may direct.

2 (7) ~~(6)~~—The department may require that all transactions
3 concerning vehicle title liens and security interests be conducted
4 by electronic means, as determined by the department. After all
5 liens have been terminated, or for purposes of retitling the
6 vehicle in another state or any other purpose deemed appropriate by
7 the department, the department may issue a paper copy of the
8 vehicle title to the vehicle's owner.

9 (8) ~~(7)~~—A vehicle sale transaction in which a security
10 interest is entered by electronic means ~~shall~~**must** include a
11 document recording entry of the electronic security interest and
12 information regarding the financial institution that holds the
13 security interest. At the time a security interest is presented
14 with payment in satisfaction of the security interest, a secured
15 receipt in a form approved by the department and produced at the
16 time the security interest is presented with payment in
17 satisfaction of the security interest may be submitted to the
18 department ~~in lieu~~**instead** of the title for purposes of
19 transferring ownership in the vehicle.

20 (9) **As used in this section, "installment buyer", "installment**
21 **sale contract", and "installment seller" mean those terms as**
22 **defined in section 2 of the motor vehicle sales finance act, 1950**
23 **(Ex Sess) PA 27, MCL 492.102.**